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UNCLAS ASUNCION 001236

SIPDIS

STATE FOR PM/DTCC BLUE LANTERN COORDINATOR

E.O. 12958: N/A

TAGS: BEXP PGOV PA

SUBJECT: BLUE LANTERN LEVEL 3: 05-965932 AND 05-967860

REF: A. STATE 121643

1B. 97 ASUNCI 02419

11. On September 21, Econoff and ARSO visited the premises of Vill Distribuidores to complete a pre-license check per action request in Ref A. Prior to the visit, Econoff spoke via telephone with the current proprietor of the business, Mr. Carlos Villasanti. Villasanti is the son-in-law of former owner Carlos Villamayor. Villasanti confirmed the address and contact of the business. As noted in Ref B., Vill Distribuidores is run from the family home in Fernando de la Mora, a middle-class suburb of Asuncion. The business office is a small room in the front of the house. Villasanti told Econoff that the business only uses a hotmail e-mail account, and that it has no other e-mail account or website through which it does business.

12. Econoff and ARSO arrived unannounced at the Villasanti home to conduct the pre-license check. During the course of the visit, during which they saw both the business office and the familys arms depository, both were convinced that, as noted in Ref. B, the goods being imported for resale by this business are most likely part of a supply chain feeding border towns like Pedro Juan Caballero, a center of drugs and arms trafficking activity. The guns and ammunition stored at Villasantis home are minimally secured, and the business appears to have no system of inventory control, its one employee having to guess how many rifles and bullets were stored in the room.

13. ARSO requested and received a list, purportedly complete, of Villasantis customers. When asked ed specifically who the requested guns and ammunition were intended for, Villasanti was evasive, claiming that he was simply importing them for resale to any of his customers. He would not identify a specific shop or individual who was destined to receive the merchandise contained in the applications listed in Ref. A. Based on the apparent informal nature of the business, post recommends against the issuance of an export license.

Keane